



United States Department of Agriculture
Rural Development
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SUBJECT: Wisconsin Rural Development Guaranteed Rural Housing (GRH) Update

TO: Approved GRH Lenders and Originators

Following is important information regarding the funding status and program delivery of Wisconsin's GRH loan program. Please distribute this information to all of your branch offices, correspondent banks, or mortgage originators that originate GRH loans in Wisconsin.

GRH FISCAL YEAR 2003 FUNDING STATUS

The Fiscal Year 2003 Budget has not been passed yet. It is expected that government agencies will continue normal operations under a continuing resolution until the final budget is passed. Ample funds remain available at this time for the reserving of funds and the issuing of Conditional Commitments. Lenders are encouraged to submit requests for pre-approvals for their applicants who have not yet entered into a purchase contract.

APPRAISAL REQUIREMENTS FOR REFINANCING

The appraisal requirements of RD Instruction 1980.334 indicate that the appraisal be not more than 6 months old at the time it is submitted to Rural Development. We have determined that it is a common practice for lenders to accept appraisals up to one year old for loan refinance transactions as long as an acceptable LTV is maintained. The GRH program allows for a LTV up to 100.5% on refinance transactions that can include the financing of closing costs and the .5% guarantee fee. Wisconsin Rural Development will accept appraisals less than one year old for refinance transactions if the lender meets the following conditions:

- The lender must obtain a re-certification of value from the original appraiser indicating that the property's current value is not less than it was at the time of the original appraisal.
- The new loan amount for the GRH refinance transaction does not exceed 100.5% of the property's original appraised value.

UPDATED CLOSING PACKAGE CHECKLIST

VISIT US ON THE USDA WebPage at www.usda.gov
Rural Development (replaces the Farmers Home Administration) is an Equal Opportunity Lender.
Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, D.C.

Attached is a revised Closing Package Checklist that reflects the recent changes to our guarantee fees. Item 5 now indicates the amount of guarantee fee to be 1.5% for purchases and 0.5% for refinance transactions. When requesting your Loan Note Guarantee, please include this checklist as a cover sheet with your closing documentation and guarantee fee.

NEW GRH BROCHURES

We have recently changed the appearance and content of our GRH brochure. The new brochure is printed on glossy paper and depicts the customers that we serve. If you have copies of our old GRH brochure, feel free to use them. You can order a supply of our new GRH brochures by contacting Julie Czappa at 715-345-7620, ext. 119 or by email at: Julie.Czappa@wi.usda.gov

GRH MAILINGS

We are planning to discontinue the practice of sending a paper copy of our Lender Memos to individuals currently receiving this information by email. This change will take effect beginning January 1, 2003. Those individuals who do not have email or who prefer to receive a paper copy of our Lender Memos will still be able to do so. We request that you contact us with your desire to continue receiving GRH program information in a paper format. You may contact Julie Czappa at 715-345-7620, ext. 119 or by email at: Julie.Czappa@wi.usda.gov with your request to continue receiving paper copies of our Lender Memos.

If you have any questions regarding this memo, call (715) 345-7620 for Paul Bartlett at Ext. 114 or Sue Kohnen at Ext. 115.

/s/

PETER G. KOHNEN
Rural Housing Program Director

PGK: pjb

Enclosures